

REGULATORY PROCESSES COMMITTEE

12 SEPTEMBER 2012



REPORT 3
(1215/53/IM)

GRANTING OF A GROUND LEASE TO WELLINGTON TENNIS CLUB INCORPORATED OVER TOWN BELT LAND AT 130 ALEXANDRA ROAD, HATAITAI

1. Purpose of report

To recommend the Committee approves the granting of a ground lease to the Wellington Tennis Club Incorporated over Town Belt land known as 130 Alexandra Road, Hataitai (outlined in red on Appendix 1).

2. Executive summary

The Wellington Tennis Club Incorporated has held a ground lease over Town Belt land known as 130 Alexandra Road, Hataitai with the Council since the late 1960's. The lease expired on 30 June 2012 and has been rolling over on a month by month basis since.

The land is managed as recreation reserve and a ground lease would be granted under Section 54(1)(b) of the Reserves Act 1977.

This report recommends the Committee grants a ground lease for a 10 year term

3. Recommendations

Officers recommend that the Regulatory Processes Committee:

1. *Receive the information.*
2. *Agree subject to the terms and conditions noted below, the granting of a ground lease to the Wellington Tennis Club Incorporated in accordance with the Reserves Act 1977.*
3. *Note that the terms of the lease are as follows:*
 - Location: 130 Alexandra Road, Hataitai*
 - Term: 10 years*
 - Annual Rental: \$1,562.00 per annum plus GST*
 - Rent Review: If the proposed rental model outlined in the draft Leases Policy for Community and Recreation Groups is adopted, the new rental being \$2,141.70 per annum plus GST will be applied as at the date the Policy is adopted.*

4. *Note that any approval to grant the lease is conditional on:*
 - (i) *appropriate consultation with Iwi, Friends of the Town Belt and Action for the Environment being completed;*
 - (ii) *the lease being publicly notified in accordance with section 119 and 120 of the Reserves Act 1977;*
 - (iii) *there being no sustained objections resulting from the abovementioned consultation or notification;*
 - (iv) *the legal and advertising costs associated with preparing the lease is met by the Lessee; and*
 - (v) *the lessee providing Council with a building maintenance schedule outlining works to be undertaken within the next 10 years.*

5. *Agree that Council officers will finalise and negotiate the lease details.*

4. Background

The Wellington Tennis Club Incorporated (Club) was previously situated on Palmer Street which is off Willis Street until the 1970's. At this time the site was earmarked for a motorway extension and was sold to Council. The Club then amalgamated with the Newtown Tennis Club and continued operating from their current site which is known as 130 Alexandra Road, Hataitai (outlined in red on Appendix 1).

The land is managed as recreation reserve and is held as Town Belt land. The leased area is 3,557m² and is legally described as Part Lot 1, Deposited Plan 8519 and is contained in Computer Freehold Register WN48B/341.

The Club has four astroturf courts and night lights. Since 2009, \$73,125.00 has been spent on resurfacing three of the Club's four tennis courts. This was funded in part by a gaming grant fund of \$4,500. The majority of the money required for resurfacing the courts was provided by the Club itself through retained earnings, fundraising and donations.

The Club is intending to undertake significant repairs to their building in the next year at an estimated cost of \$150,000 - \$200,000. The Club already has \$115,000 set aside for this work.

Currently the Club has 181 members. These members are made up of seniors, juniors, life members and social members.

Competitively the Club is very strong with its men's team winning the top Wellington/Lower Hutt/Porirua/Kapiti Coast combined interclub competition in 2006, 2010 and 2012. The Club's women's team won the same competition in 2011 for the first time in many decades, which was the culmination of a long term strategy to increase women's participation at the Club. Five years ago, the Club had only a few women members and no women's interclub teams. Club membership now comprises 40% women with a number of women's interclub teams.

The Club has a close relationship with Roseneath School and Newtown School and has an arrangement which allows the school children to use the courts on a regular basis.

The Club has a resident tennis coach who manages the Club's successful junior coaching and development programme as well as providing coaching to senior members.

Utilisation of the land is high in both summer and winter months. The demand to use the courts exceeds court capacity.

5. Considerations when assessing a new lease

5.1 Leases Policy for Community and Recreation Groups

An application for a lease is made under the Council's Leases Policy for Community and Recreation Groups (Leases Policy) and is subject to assessment under its criteria.

Appendix one of the Leases Policy requires officers to assess new lease applications against the following criteria:

- strategic fit;
- activity sustainability;
- optimal use of resources;
- environmental impact;
- a demonstrated need from the community; and
- the need for a lease.

An assessment of the Club and how it fits within these criteria is outlined in section 6.

The granting of a lease to the Club is consistent with the provisions of the Council's Leases Policy.

5.2 Legislation

The land at 130 Alexandra Road, Hataitai is held subject to the Town Belt Deed (Deed) and managed in accordance with the Reserves Act 1977 (Reserves Act). Therefore, the lease will be governed by the Deed and the Reserves Act.

The Wellington Town Belt was vested in the Council through the Town Belt and Basin Reserve Deed 1873. The Deed remains the governing authority by which the Council controls the Town Belt. The Deed provided for Town Belt land to be kept forever 'as a public recreation ground for the inhabitants of the City of Wellington'.

A lease is appropriate for this Club as it has exclusive use of the land.

The Town Belt Management plan allows for leases on Town Belt land for a term no longer than 10 years. Officers recommend granting the Club a term of 10 years.

Sections 119 and 120 of the Reserves Act set out the requirement for public notification of any lease on reserve land. The granting of the lease is subject to there being no sustained objections from any party.

6. Discussion

6.1 Assessment

The proposed lease for the Club has been assessed against the criteria set out in the Leases Policy. Please see a summary of this assessment below:

Criteria		Assessment
Strategic Fit	Social & Recreation Strategy	The Club's activities are consistent with other permitted activities on recreation reserve land and satisfy the criteria of recreational use.
Activity Sustainability	Membership	The Club has held a lease over the land at 130 Alexandra Road, Hataitai since the late 1960's. The Club currently has 181 members who are made up of 92 seniors, 56 juniors, 24 students, retired and unwaged, and 9 life and social members.
	Financial Position	The Club's financial position is satisfactory with assets of \$537,147 and no liabilities. A substantial amount of cash surpluses are generated each year, which are invested into the Club through improving its facilities. To date, a majority of the work undertaken on the Club's building and courts has been at the Club's cost.
Use of Resources	Land Utilisation	The land utilisation is high in both the summer and winter months. The demand to use the courts exceeds court capacity. In the summer the courts are fully utilised on most weekday evenings from 6.00pm – 10.00pm and at periodic times during the day. The courts are also utilised fully in the weekends.
Environmental Impact	Location	The activity does not have the potential to adversely affect open space values.

Criteria		Assessment
Demonstrated Need & Support from the Community	People	The Club has a long history and is well located. The Club has high membership numbers and the land is utilised all year around. The courts are also made available to surrounding schools.
Need for a Lease	Capability	A lease is appropriate as the Club will have exclusive use of the land as outlined in red on Appendix 1.

6.2 Lease Rental

The lease rental has been assessed in accordance with the rental framework outlined in the Leases Policy. The annual rent has been assessed at \$1,562.00 per annum plus GST.

If the proposed rental model in the draft leases policy is adopted, the Club's rental will increase from \$1,562.00 per annum plus GST to \$2,141.70 per annum plus GST. This increase will be implemented if and when the draft policy is adopted. As the increase will be greater than \$500 per annum, it will be phased in over a period of three years (i.e. a one third increase each year). The possible increase in rental has been discussed with the Club and they are prepared to pay the increased amount.

6.3 Lease Tenure

The Town Belt Management Plan allows for leases on Town Belt land for a term of up to 10 years. The Club has held previous leases with Council and has a large membership. The land and building is fully utilised and the Club has maintained the grounds and building to a satisfactory standard. Furthermore, the Club plans to undertake works to the building in the next year. Officers believe that a 10 year term should be granted.

7. Conclusion

The Wellington Tennis Club Incorporated has demonstrated that it is a good fit with the Council's strategic direction and existing policies. The Wellington Tennis Club Incorporated has a thriving membership base and utilises the land to a satisfactory standard. The Club's financial position will enable it to maintain their building as well as fulfil its lease obligations.

Council officers recommend that the Regulatory Processes Committee approves the granting of a ground lease to the Wellington Tennis Club Incorporated.

Contact Officers: *Hanita Shantilal, Senior Property Advisor, Property Management, Amber Bill, Manager, Community Engagement & Reserves, Parks & Gardens*

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

The Leases Policy for Community and Recreation Groups supports Council's role as a facilitator of recreation partnerships and provider of recreation services. The recreational activities that will be provided by the Wellington Tennis Club Incorporated will contribute to the outcome of 'offering a diverse range of quality recreation and leisure activities' (see outcome 7.1 Recreation Opportunities).

2) LTP/Annual Plan reference and long term financial impact

There is no financial impact as the Wellington Tennis Club Incorporated will be responsible for all building repairs, maintenance, insurance and utility costs.

3) Treaty of Waitangi considerations

No Treaty implications have been identified.

4) Decision-making

This is not considered a significant decision.

5) Consultation

a) General consultation

Public consultation will be undertaken as required by the Reserves Act 1977. Friends of the Town Belt and Action for the Environment will also be consulted.

b) Consultation with Maori

Iwi will be consulted.

6) Legal implications

The lease will be subject to the provisions of the Reserves Act 1977.

7) Consistency with existing policy

The provisions of the lease are consistent with the Leases Policy for Community and Recreation Groups.